

Introduced by Senator Cedillo

February 12, 2003

An act to amend Section 1954.53 of the Civil Code, relating to rent control.

LEGISLATIVE COUNSEL'S DIGEST

SB 178, as introduced, Cedillo. Rent control.

The existing Costa-Hawkins Rental Housing Act allows an owner of residential real property to establish the initial rental rate for a dwelling or unit, except in prescribed situations.

This bill would include as an exception to that authorization a rent restriction pursuant to a requirement of a public entity that developers of new or rehabilitated units restrict the rents and incomes of occupants for a portion of the units.

Vote: majority. Appropriation: no. Fiscal committee: no. State-mandated local program: no.

The people of the State of California do enact as follows:

- 1 SECTION 1. Section 1954.53 of the Civil Code is amended
2 to read:
3 1954.53. (a) Notwithstanding any other provision of law, an
4 owner of residential real property may establish the initial rental
5 rate for a dwelling or unit, except where any of the following
6 applies:
7 (1) The previous tenancy has been terminated by the owner by
8 notice pursuant to Section 1946 or has been terminated upon a
9 change in the terms of the tenancy noticed pursuant to Section 827,
10 except a change permitted by law in the amount of rent or fees. For



1 the purpose of this paragraph, the owner's termination or
2 nonrenewal of a contract or recorded agreement with a
3 governmental agency that provides for a rent limitation to a
4 qualified tenant, shall be construed as a change in the terms of the
5 tenancy pursuant to Section 827.

6 (A) In a jurisdiction that controls by ordinance or charter
7 provision the rental rate for a dwelling or unit, an owner who
8 terminates or fails to renew a contract or recorded agreement with
9 a governmental agency that provides for a rent limitation to a
10 qualified tenant shall not be eligible to set an initial rent for three
11 years following the date of the termination or nonrenewal of the
12 contract or agreement. For any new tenancy established during the
13 three-year period, the rental rate for a new tenancy established in
14 that vacated dwelling or unit shall be at the same rate as the rent
15 under the terminated or nonrenewed contract or recorded
16 agreement with a governmental agency that provided for a rent
17 limitation to a qualified tenant, plus any increases authorized after
18 the termination or cancellation of the contract or recorded
19 agreement.

20 (B) Subparagraph (A) shall not apply to any new tenancy of 12
21 months or more duration established after January 1, 2000,
22 pursuant to the owner's contract or recorded agreement with a
23 governmental agency that provides for a rent limitation to a
24 qualified tenant unless the prior vacancy in that dwelling or unit
25 was pursuant to a nonrenewed or canceled contract or recorded
26 agreement with a governmental agency that provides for a rent
27 limitation to a qualified tenant as set forth in that subparagraph.

28 (2) The owner has otherwise agreed by contract with a public
29 entity in consideration for a direct financial contribution or any
30 other forms of assistance specified in Chapter 4.3 (commencing
31 with Section 65915) of Division 1 of Title 7 of the Government
32 Code.

33 (3) The initial rental rate for a dwelling or unit whose initial
34 rental rate is controlled by an ordinance or charter provision in
35 effect on January 1, 1995, shall not until January 1, 1999, exceed
36 the amount calculated pursuant to subdivision (c).

37 (4) *The rent of the dwelling unit is restricted pursuant to a*
38 *requirement of a public entity that requires developers of new or*
39 *rehabilitated units to restrict the rents and income of occupants for*
40 *a portion of the units.*

1 (b) Subdivision (a) applies to, and includes, renewal of the
2 initial hiring by the same tenant, lessee, authorized subtenant, or
3 authorized sublessee for the entire period of his or her occupancy
4 at the rental rate established for the initial hiring.

5 (c) The rental rate of a dwelling or unit whose initial rental rate
6 is controlled by ordinance or charter provision in effect on January
7 1, 1995, shall, until January 1, 1999, be established in accordance
8 with this subdivision. Where the previous tenant has voluntarily
9 vacated, abandoned, or been evicted pursuant to paragraph (2) of
10 Section 1161 of Code of Civil Procedure, an owner of residential
11 real property may, no more than twice, establish the initial rental
12 rate for a dwelling or unit in an amount that is no greater than 15
13 percent more than the rental rate in effect for the immediately
14 preceding tenancy or in an amount that is 70 percent of the
15 prevailing market rent for comparable units, whichever amount is
16 greater.

17 The initial rental rate established pursuant to this subdivision
18 shall not be deemed to substitute for or replace increases in rental
19 rates otherwise authorized pursuant to law.

20 (d) (1) Nothing in this section or any other provision of law
21 shall be construed to preclude express establishment in a lease or
22 rental agreement of the rental rates to be applicable in the event the
23 rental unit subject thereto is sublet, and nothing in this section shall
24 be construed to impair the obligations of contracts entered into
25 prior to January 1, 1996.

26 (2) Where the original occupant or occupants who took
27 possession of the dwelling or unit pursuant to the rental agreement
28 with the owner no longer permanently reside there, an owner may
29 increase the rent by any amount allowed by this section to a lawful
30 sublessee or assignee who did not reside at the dwelling or unit
31 prior to January 1, 1996.

32 (3) This subdivision shall not apply to partial changes in
33 occupancy of a dwelling or unit where one or more of the
34 occupants of the premises, pursuant to the agreement with the
35 owner provided for above, remains an occupant in lawful
36 possession of the dwelling or unit, or where a lawful sublessee or
37 assignee who resided at the dwelling or unit prior to January 1,
38 1996, remains in possession of the dwelling or unit. Nothing
39 contained in this section shall be construed to enlarge or diminish
40 an owner's right to withhold consent to a sublease or assignment.

1 (4) Acceptance of rent by the owner shall not operate as a
2 waiver or otherwise prevent enforcement of a covenant
3 prohibiting sublease or assignment or as a waiver of an owner's
4 rights to establish the initial rental rate unless the owner has
5 received written notice from the tenant that is party to the
6 agreement and thereafter accepted rent.

7 (e) Nothing in this section shall be construed to affect any
8 authority of a public entity that may otherwise exist to regulate or
9 monitor the grounds for eviction.

10 (f) This section shall not apply to any dwelling or unit if all the
11 following conditions are met:

12 (1) The dwelling or unit has been cited in an inspection report
13 by the appropriate governmental agency as containing serious
14 health, safety, fire, or building code violations, as defined by
15 Section 17920.3 of the Health and Safety Code, excluding any
16 violation caused by a disaster.

17 (2) The citation was issued at least 60 days prior to the date of
18 the vacancy.

19 (3) The cited violation had not been abated when the prior
20 tenant vacated and had remained unabated for 60 days or for a
21 longer period of time. However, the 60-day time period may be
22 extended by the appropriate governmental agency that issued the
23 citation.

